

SECTION IV

MANAGEMENT (ORGANIZATION AND RESPONSIBILITY)

4.1. This Project will be directed and administered on behalf of the Participants by an organization consisting of a Steering Committee (SC), and a Joint Project Office (JPO) headed by a Project Manager (PM). The SC will have overall authority over the PM, in accordance with this MOU. The PM will have primary responsibility for effective implementation, efficient management, and direction of the Project in accordance with this MOU.

4.2. The SC will consist of a representative appointed by each Participant. The SC will meet semi-annually with additional meetings held at the request of either representative. Each meeting of the SC will be chaired by the representative of the Participant hosting the meeting. Decisions of the SC relating to joint project requirements will be made unanimously. In the event that the SC is unable to reach a timely decision on an issue, each SC representative will refer the issue to its higher authority for resolution. In the meantime, the approved PMP will continue to be implemented without interruption under the direction of the PM while the issue is being resolved by higher authority.

4.3. The SC will be responsible for:

- 4.3.1. Exercising executive-level oversight of the Project.
- 4.3.2. Reviewing progress in meeting system requirements and overall technical progress of the Project as specified in the PMP and Annex D (Project Overview).
- 4.3.3. Reviewing the financial status of the Project to ensure compliance with the provisions of Section V (Financial Provisions) of this MOU, and the Financial Management Procedures Document (FMPD).
- 4.3.4. Resolving issues brought forth by the PM or the Australian Deputy Project Manager (DPM) via the PM.
- 4.3.5. Reviewing and forwarding to the Participants for approval recommended amendments to this MOU in accordance with Section XVIII (Amendment, Termination, Entry into Effect, and Duration).

- 4.3.6. Approving amendments to Annexes A, C and D of this MOU consistent with Section XVIII (Amendment, Termination, Entry into Effect, and Duration).
 - 4.3.7. Approving plans to manage and control the transfer of Project Equipment provided by either Participant to support the execution of the Project in accordance with Section VII (Project Equipment).
 - 4.3.8. Approving plans for the disposal of jointly acquired Project Equipment under this MOU in accordance with Section VII (Project Equipment).
 - 4.3.9. Maintaining oversight of the security aspects of the Project, including reviewing and obtaining approval from the appropriate Designated Security Authority (DSA) of a Project Security Instruction and Classification Guide prior to the transfer of Classified Information or Controlled Unclassified Information.
 - 4.3.10. Providing recommendations to the Participants for the addition of new Participants in accordance with Section XIV (Participation of Additional Nations).
 - 4.3.11. Monitoring Third Party sales and transfers authorized in accordance with Section XII (Third Party Sales and Transfers).
 - 4.3.12. Reviewing and approving the semi-annual status report submitted by the PM.
 - 4.3.13. Reviewing and approving the FMPD and the PMP (including any changes), and reviewing and endorsing the PTEMP (including any changes).
 - 4.3.14. Two years prior to expiration of this MOU, consulting about an amendment to extend this MOU or pursuing a follow-on MOU.
- 4.4. The JPO will be established in the Washington DC area to manage the Project. The Department of the Navy within the US DoD will appoint the PM who, as head of the JPO, will be responsible for implementing this MOU and for day-to-day management of the Project.

4.5. The Participants will each provide national representation to the JPO. In accordance with Annex A (Project Management Organization Diagram), the Australian DoD will appoint a DPM and the U.S. DoD will appoint a PM and an Assistant PM (APM). The DPM will report to the PM heading the JPO and the APM will report to the DPM.

4.6. The PM will be responsible for:

- 4.6.1. Managing the cost, schedule, performance requirements, technical, security, and financial aspects of the Project described in this MOU.
- 4.6.2. Executing the approved Annex D (Project Overview).
- 4.6.3. Developing, submitting for approval by the SC (including any proposed changes), implementing and maintaining the PMP.
- 4.6.4. Developing, submitting for approval by the SC (including any proposed changes), implementing and maintaining the FMPD.
- 4.6.5. Executing the financial aspects of the Project in accordance with Section V (Financial Provisions) of this MOU, Annex C (Planned Procurement (Orders) and Estimated Funding Schedule), and the FMPD.
- 4.6.6. Developing, forwarding to the SC for review and approval (including any proposed changes), and implementing a Project Security Instruction and Classification Guide for the Project within three months after MOU signature.
- 4.6.7. Appointing a Project security officer.
- 4.6.8. Developing, forwarding to the SC for review and approval (including any proposed changes), and implementing plans to manage and control the transfer of Project Equipment, provided by either Participant in accordance with Section VII (Project Equipment).
- 4.6.9. Developing, forwarding to the SC for review and approval (including any proposed changes), and implementing plans for the disposal of jointly acquired Project Equipment under this MOU in accordance with Section VII (Project Equipment).

- 4.6.10. Developing and forwarding a PTEMP to the SC for review and endorsement (including any proposed changes), and implementing the PTEMP.
 - 4.6.11. Developing and approving the configuration management plan, and exercising configuration management in accordance with the plan.
 - 4.6.12. Developing and approving the computer software management plan, and exercising computer software management in accordance with this plan.
 - 4.6.13. Developing and recommending amendments to this MOU and its Annexes to the SC.
 - 4.6.14. Forwarding recommendations to the SC for the addition of new Participants in accordance with Section XIV (Participation of Additional Nations).
 - 4.6.15. In consultation with the Australian DPM, referring issues to the SC that cannot be resolved by the PM.
 - 4.6.16. Conducting a quarterly management review.
 - 4.6.17. Providing a semi-annual status report to the SC.
 - 4.6.18. Providing recommendations on programmatic aspects of combat system requirements of both Participants to the USN Submarine Tactical Requirements Group (STRG).
 - 4.6.19. In coordination with the Australian DPM, working with the appropriate Australian DoD and U.S. DoD agencies to plan for and prepare the appropriate authorizations including export licenses and necessary documentation to support the transfer of equipment and Project Information.
- 4.7. Either Participant may assign personnel to the other Participant's facilities to assist in the Project. The host Participant will provide office space and administrative support to personnel of the other Participant in accordance with the host Participant's normal practices. A Participant's assigned personnel will be subject to the normal procedures and regulations of the host Participant. Provisions for the personnel provided are described in Annex B (Cooperative Project Personnel) to this MOU.

4.8. Representatives from both the U.S. DoD and Australian DoD will participate in the STRG, Tactical Control Support Group (TCSG), Tactical Control Development Working Group (TCDWG), Peer Reviews, and other working groups that help define the requirements and direction of future improvements to the AN/BYG-1. Annex D (Project Overview) provides greater detail on the role the APB Process plays in the evolution of the submarine combat systems as defined in this MOU. One of the objectives of these working groups is to equitably reflect the Participants' operational and capability requirements.

SECTION V

FINANCIAL PROVISIONS

5.1. The Participants estimate that the performance of the shared responsibilities under this MOU will not cost more than a Financial Cost Ceiling of \$109.660 million Then Year (TY) U.S. dollars for the development phase, \$1.073 million TY U.S. dollars for the production phase, and \$23.320 million TY U.S. dollars for the support phase. The Financial Cost Ceilings may be changed only upon the written consent of the Participants. The U.S. dollar will be the reference currency for the Project, and the Project fiscal years will be based on the U.S. fiscal year.

5.1.1. The Participants will use their best efforts to perform, or to have performed, the work specified in Section III (Scope of Work) and will use their best efforts to fulfill all of the shared responsibilities under this MOU within the Financial Cost Ceilings delineated in paragraph 5.1 and 5.3 of this MOU.

5.1.2. If at any time the PM has reason to believe that the Financial Cost Ceiling of any phase of the Project will be exceeded, the PM will promptly notify the SC and will set forth a new estimate of the Financial Cost Ceilings of the Project together with supporting documentation. The SC will advise the PM as to what action should be taken.

5.1.3. The estimated unique financial contributions of both Participants in support of the goals of the Project as defined in Section II (Objectives) and Section III (Scope of Work) are reflected in Annex C (Planned Procurement (Order). Quantities and Estimated Funding Schedule).

5.2. In accordance with this MOU, each Participant will contribute its equitable share of the full Financial and Non-financial Costs of the Project, including overhead costs, administrative costs, costs of claims, and financial contributions for JPO administration and associated support services, and will receive an equitable share of the results of the Project. JPO administration and associated support services include but are not limited to JPO costs of travel in support of Project efforts, JPO training costs, Contract award, Contract administration, office space, security services, information technology services, communications services, and supplies. Values for JPO Non-financial

contributions have been mutually determined by the Participants.

5.3. The shared Financial Cost Ceilings and non-financial contributions for the Project are as follows:

Development Phase - Shared

U.S. DoD Financial	\$93.211 million TY U.S.
Australian DoD Financial	\$16.449 million TY U.S.
Total Financial Shared	\$109.660 million TY U.S.

(The ratio of shared financial contributions for the Development Phase is 85:15, U.S. DoD:Australian DoD)

U.S. DoD Non-financial	\$8.230 million TY U.S.
Australian Non-financial	\$4.180 million TY U.S.
Total Non-Financial Shared	\$12.410 million TY U.S.

Production Phase - Shared

U.S. DoD Financial	\$0.912 million TY U.S.
Australian DoD Financial	\$0.161 million TY U.S.
Total Financial Shared	\$1.073 million TY U.S.

(The ratio of shared financial contributions for the Production Phase is 85:15, U.S. DoD:Australian DoD)

Support Phase - Shared

U.S. DoD Financial	\$19.822 million TY U.S.
Australian DoD Financial	\$3.498 million TY U.S.
Total Financial Shared	\$23.320 million TY U.S.

(The ratio of shared financial contributions for the Support Phase is 85:15, U.S. DoD:Australian DoD)

5.4. In addition to the shared costs of JPO administration and associated support services costs described in paragraph 5.3., the cost of personnel in the JPO or CPP assigned to field activities will be borne as follows:

5.4.1. The host Participant will bear the costs of all pay and allowances of host Participant personnel in the JPO or the host Participant's field activities.

5.4.2. The parent Participant will bear the following CPP-related costs:

5.4.2.1. All pay and allowances of CPP assigned to the JPO or field activity.

5.4.2.2. Transportation of CPP, CPP dependents, and their personal property to the JPO or host Participant's field activity's location prior to commencement of the CPP assignment, and return transportation of the foregoing from the JPO or field activity location upon completion or termination of the CPP assignment.

5.4.2.3. Compensation for loss of, or damage to, the personal property of CPP or CPP dependants, subject to the laws and regulations of the Parent Participant.

5.4.2.4. Preparation and shipment of remains and funeral expenses in the event of the death of CPP or CPP dependents.

5.5. The following costs will be borne entirely by the Participant incurring the costs or on whose behalf the costs are incurred:

5.5.1. Costs associated with national representation at meetings by non-JPO members.

5.5.2. Costs associated with any unique national requirements identified by a Participant.

5.6. The PM will be responsible for establishing the detailed financial management procedures under which the Project will operate. These procedures, which will be in accordance with national accounting and audit requirements of the Participants, will be detailed in an FMPD prepared by the PM and subject to the approval of the SC. The FMPD will include details of the Financial Costs and the mutually determined Non-Financial Costs of the Project; identify planned expenditures including estimated schedule for financial

contributions, which will be consistent with the funding requirements of paragraph 5.7; describe periodic financial reporting requirements; and prescribe the payment procedures.

5.7. The Participants recognize that, in performing Contracting responsibilities on behalf of the other Participant, it may become necessary for the Contracting Participant, consistent with its national laws, to incur contractual or other responsibilities for the benefit of the other Participant prior to receipt of the other Participant's funds. In such event, the other Participant will make funds available in such amounts and at such times as may be required by a Contract or other responsibility and will pay any damages and costs that may accrue from the performance or cancellation of the Contract or other responsibility in advance of the time such payments, damages, or costs are due.

5.8. A Participant will promptly notify the other Participant if available funds are not adequate to fulfill its responsibilities under this MOU. If a Participant notifies the other Participant that it is terminating or reducing its funding for this Project, both Participants will immediately consult with a view toward continuation on a modified basis.

5.9. The U.S. DoD will be responsible for the audit of the procurement activities for which it is responsible under the Project in accordance with its national practices. The U.S. DoD will be responsible for the internal audit regarding administration of any Project funds provided by the Australian DoD to the U.S. DoD for this MOU in accordance with its national practices. Audit reports of such procurement activities will be promptly made available to the Australian DoD.

SECTION VI

CONTRACTING PROVISIONS

6.1. The U.S. DOD (acting through the Department of the Navy) will be primarily responsible for Contracting for this Project in accordance with U.S. Contracting laws, regulations, and procedures. However, for specific Contracts the SC may determine that the Australian DoD may provide the Contracting Agency and Contracting Officer. Such Contracting would be conducted in accordance with Australian Contracting laws, regulations, and procedures. The Contracting Officer is the exclusive source for providing contractual direction and instructions to Contractors.

6.2. The PM will be responsible for the coordination of activities relating to the Project, and will cooperate with the Contracting Officer in the areas of Contract procedures, Contract negotiation, evaluation of offers, and Contract award. The PM, in consultation with the Australian DoD DPM, will review statements of work and prospective contractual terms prior to and during the development of solicitations to ensure that they are in accordance with this MOU. In addition, the Contracting Officer will keep the PM and the Australian DPM advised of all financial arrangements with all Contractors.

6.3. The Contracting Officer will negotiate to obtain the rights to use and disclose Project Information required by Section VIII (Disclosure and Use of Project Information). The Contracting Officer will insert into prospective Contracts (and require its Contractors to insert in subcontracts) suitable provisions to satisfy the requirements of this MOU, including Section VIII (Disclosure and Use of Project Information), Section IX (Controlled Unclassified Information), Section XI (Security), Section XII (Third Party Sales and Transfers), and Section XVIII (Amendment, Termination, Entry into Effect, and Duration), including suitable provisions that ensure compliance with the Participants' respective export control laws and export control implementing regulations. During the Contracting process, the Contracting Officer will advise prospective Contractors of their responsibility to immediately notify the Contracting Agency, before Contract award, if they are subject to any license or arrangement that will restrict their freedom to disclose information or permit its use. The Contracting Officer will also advise prospective Contractors to employ their best efforts not to enter into any new agreement or

arrangement that will result in any such use or disclosure restrictions.

6.4. In the event the Contracting Officer is unable to secure adequate rights to use and disclose Project Information as required by Section VIII (Disclosure and Use of Project Information), or is notified by Contractors or potential Contractors of any restrictions on the disclosure and use of information, the matter will be referred to the SC for resolution, prior to Contract award, or promptly if such restrictions arise after contract award.

6.5. The transfer of export-controlled information furnished by one Participant will be authorized by the government of the furnishing Participant only to those Contractors of the other Participant who will limit the end use of the information received for the sole purpose of furthering the purposes authorized under this MOU. The Participants will establish legal arrangements with their Contractors to require that their Contractors do not retransfer or otherwise use export controlled information for any purpose other than the purposes authorized under this MOU. Such legal arrangements will also provide that the Contractor will not retransfer the export-controlled information to another Contractor without the government of the furnishing Participant's consent.

6.6. The Contracting Officer will immediately advise the PM of any cost growth, schedule change, or performance problems of any Contractor for which the Contracting Officer is responsible.

6.7. If the Participants mutually consent in writing, and consistent with Section II (Objectives), a Participant may contract for the unique national requirements of the other Participant.

6.8. The SC will consult regularly during the Development phase to determine whether to contractually continue with the production and support phases of the project. The goal of this consultation will be to determine mutual willingness to proceed with other contractual phases of the Project.

6.9. Whenever feasible and consistent with law, regulation, and policy, sources from both Participants will be permitted to bid for Project work on equal terms and conditions and subcontractors will be competitively selected. Both Participants will encourage industry and their respective research and development organizations to provide competitive opportunities to sources from the other Participant to participate in the work of the Project, provided that such

participation will not adversely impact the Project and will be consistent with high technical merit, reasonable cost, and the need to achieve the timely, economical, and efficient execution of the Project. No requirements will be imposed by any Participant for worksharing or other industrial compensation in connection with this MOU that is not in accordance with this MOU.

SECTION VII

PROJECT EQUIPMENT

7.1. Each Participant may provide Project Equipment identified as being necessary for executing the MOU to the other Participant without charge. Project Equipment will remain the property of the providing Participant. A list of all Project Equipment provided by one Participant to another Participant will be developed and maintained by the PM and approved by the SC in accordance with Section IV (Management (Organization and Responsibility)) prior to such transfers.

7.2. The receiving Participant will maintain any such Project Equipment in good order, repair, and operable condition and return the items in as good condition as received, normal wear and tear excepted, unless the providing Participant has authorized the Project Equipment to be expended or otherwise consumed in connection with the Project without reimbursement to the providing Participant. Such expenditure or consumption will be without reimbursement to the providing Participant. However, the receiving Participant will pay the cost to repair damaged Project Equipment that is not approved for expenditure or consumption.

7.3. If the Project Equipment is damaged beyond economic repair, the receiving Participant will return it to the providing Participant and pay the replacement value as computed pursuant to the providing Participant's national laws, regulations, and procedures. If the Project Equipment is lost while in the custody of the receiving Participant, the receiving Participant will issue a certificate of loss to the providing Participant and will pay the replacement value as computed pursuant to the providing Participant's national laws, regulations, and procedures.

7.4. Both Participants will inspect and inventory the Project Equipment upon receipt and upon return (unless the Project Equipment has been expended or consumed).

7.5. The providing Participant at its expense will deliver Project Equipment to the receiving Participant at a mutually determined location. Possession of the Project Equipment will pass from the providing Participant to the receiving Participant at the time of receipt of the Project Equipment at a mutually determined location. Any further transportation is the responsibility of the receiving Participant.

7.6. All Project Equipment that is transferred will be used by the receiving Participant only for the purposes of carrying out this MOU, unless otherwise consented to in writing by the providing Participant. The providing Participant will furnish the receiving Participant with such information as is necessary to enable the Project Equipment to be used. In addition, in accordance with Section XII (Third Party Sales and Transfers) Project Equipment will not be re-transferred to a Third Party without the prior written consent of the providing Participant.

7.7. Project Equipment transferred to one Participant under this MOU and not expended or consumed will be returned to the providing Participant prior to the termination or expiration of this MOU.

7.8. The Participants will make their best efforts to ensure the protection of Intellectual Property (IP) rights in Project Equipment.

7.9. Project Equipment that is jointly acquired is subject to the following provisions unless otherwise mutually determined by the Participants:

7.9.1.. Jointly acquired Project Equipment will remain the property of both Participants in shares of the same ratio as shared financial contributions.

7.9.2. The Participants will maintain such jointly acquired Project Equipment in good order, repair and operable condition, normal wear and tear excepted, unless the Participants have mutually determined that it be expended or otherwise consumed in connection with the Project.

7.9.3. The responsible Participant will pay the cost to repair damage to jointly acquired Project Equipment that is not to be expended or otherwise consumed in accordance with Section 7.9.2. Where the jointly acquired Project Equipment is damaged beyond economic repair or is lost, the responsible Participant will pay the replacement value of that Project Equipment.

7.9.4. Jointly acquired Project Equipment will be used for the purposes of carrying out this MOU and will not be retransferred to a Third Party without the prior written consent of both Participants.

7.10. Any Project Equipment which is jointly acquired on behalf of both Participants for use under this MOU will be disposed of during this Project or when the Project ceases, as determined by the SC.

7.11. Disposal of jointly acquired Project Equipment may include a transfer of the interest of one Participant in such Project Equipment to the other Participant, or the sale of such equipment to a non-Third Party entity, or to a Third Party in accordance with Section XII (Third Party Sales and Transfers) of this MOU. The Participants will share the consideration from jointly acquired Project Equipment transferred or sold to a Third Party or non-Third Party entity in the same ratio as shared financial contributions.